



Your 2020 W-2: What You Need to Know!

Comparing Your Last Pay Stub To Your W-2

When you compare your W-2 against your final pay stub, the amounts may not be the same. There is a reason and it's to your benefit! Your pay stub represents your actual wages earned, taxes paid, deductions taken and subsidies paid on your behalf. Your W-2 is the reportable portion of your wages, taxes withheld and value of your health cost [when applicable]. Your W-2 Wage & Tax Statement is reported to the Internal Revenue Service (IRS), state governments and Social Security Administration (SSA). **If you worked for more than one (1) state agency or worked for more than one (1) payroll system, please remember to add your last paystub from each agency.** To understand how we arrived at your reporting figures, we'll explain the following:

Tax Sheltered Deductions

Deductions such as dental, pharmacy, medical and other voluntary deductions may be exempt from Federal, Social Security/Medicare (FICA), State and/or Local taxes. Mandatory employee retirement contributions are exempt from Federal income tax, but are taxable for Maryland and FICA. Other voluntary deductions such as deferred compensation are only exempt from Federal or State/Local tax, but are subject to FICA taxation. These are a few examples of "Tax Sheltered Deductions".

- **(Box 1) Wages Subject to Federal Income Taxes**

Any earnings or deduction that is not tax sheltered is subject to Federal income tax. Your reportable wages are listed in Box 1 and are to be used to report on your federal income tax return.

- **(Box 3,5) Wages Subject to Social Security/Medicare (FICA) Taxes**

Any earnings that are subject to Social Security & Medicare wages are reported in Box 3 & 5. This information is reported to SSA and they will credit your account.

- **(Box 6) Additional Medicare Tax 0.9%**

Employers are required to withhold an additional 0.9% in Medicare Tax on any Medicare wages that exceed \$200,000. It is only imposed on the employee. The additional withholding will continue until the end of the calendar year. All Medicare taxes withheld are combined and reported in Box 6.

- **(Box 10) Dependent Care**

This represents the amount that was deducted from your paycheck under the State's dependent care flex program. Amounts equal or less than \$5,000 is non-taxable and reported in Box 10. Amounts in excess of \$5,000 are treated as taxable income and is reported in Box 1, 3, 5, and 16.

- **(Box 12 Code P) Moving Expense Reimbursements**

Tax Cut and Job Act of 2017 modified the treatment of moving expenses. Reimbursements for moving expenses made to employees or paid directly to third parties on and after **January 1, 2018 through December 31, 2025** are to be included in wages subject to federal income tax, state income tax, and FICA taxes. Taxable moving expense is reported in Box 1, 3, 5, and 16. The only exception to this provision applies to members of the Armed Forces on active duty moving pursuant to a military order.

- **(Box 12 Code DD) Health Cost Reporting**

Patient Protection and Affordable Care Act of 2010 require that employers report the total cost of employer-sponsored health group coverage. This is the aggregate of group health plan coverage for the calendar year. The total includes specific health plans that you and your agency paid. It is for informational purposes. **Code DD is not taxable!**

- **(Box 14) State Pickup Amount**

If you contributed to any mandatory state retirement system, it is reported in Box 14 'STPICKUP'. This gets reported on Maryland Form 502 line 3 (Additions to Income) or Maryland Form 505 line 19 code "G" (Additions to Income). It is not subject to federal tax but is subject to Maryland state and locality tax. If you are entitled to a refund on your Maryland state tax return, failure to add the "state pickup amount" may result in a delay of your anticipated refund. Supplemental Retirement Annuity (SRA) 401(k), 403(b), 457(b), and ROTH plans are not factored in Box 14. SRAs are reported in Box 12 using their applicable codes.

- **(Box 16) Wages Subject to State Income Taxes**

Any earnings that are subject to state wages are reported in Box 16. Mandatory retirement contributions are subject to Maryland state taxable wages. These wages are reported to Maryland, District of Columbia or West Virginia state governments.

How Do I Balance My W-2?

Using our sample “final” pay stub, we’ll explain the process!

Employee's Earnings Statement				Name		Document ID	
STATE OF MARYLAND DEPT OF NATURAL RESOURCES 300112 RESOURCE ASSESSMENT SVC 000				COMPTROLLER, CATHY		RG5160	
Regular Pay Rate		Pay Period Ending Date		Check/Advice Number			
.00		12-15-2020		95023582			
F.Mar.Stat	Fed. Ex.	Additional Fed. Tax	St. Mar.Stat	St. Ex.	Additional St. Tax	County Code	
H	0		M	8		AA	
W4 Step 2		W4 Step 3		W4 Step 4a		W4 Step 4b	
N							

EARNINGS				TAXES/DEDUCTIONS			
	HOURS	CURRENT	YEAR TO DATE		CURRENT	YEAR TO DATE	
REGULAR	800	258403	6706038	FEDERAL TAX	15106	190988	
*ST PD BENEFITS				FICA/MED	17426	456809	
FICA SUBSIDY		17426	456809	STATE TAXES	8928	235878	
DENTAL SUBSIDY		2180	52320	HLTH CARE ACCT	11250	270000	
RET/PEN SUB		53662	1356350	DEPN CARE ACCT	8333	199992	
UNEMPL INS SUB		00	8346	UCC DENTL DPPO	2180	52320	
HEALTH INS SUB		50146	1203504	401K-SAVE	3000	78000	
				ST EMP ALT PEN	18138	462007	
				DIR/DEP-CHCKNG	165193	4547668	
				CF BCBS EPO	8849	212376	

Current	Earnings	Taxes	Deductions	Net Pay
	258403	41460	51750	165193
Year To Date	6706038	883675	1274695	4547668

Cathy Comptroller has year to date (YTD) regular earnings \$67,060.38. Based on tax-sheltered deductions, her W-2 reportable wages will be different.

It is important to understand that your final pay stub is your record of wages earned, taxes withheld, deductions paid and subsidies paid on your behalf. Your W-2 represents the “reportable” [or taxable] portion of your earnings.

- \$54,313.43** was subject to Federal income tax (W-2 Box 1)
- \$59,713.50** was subject to FICA tax (W-2 Box 3 & 5)
- \$54,313.43** was subject to Maryland income tax (W-2 Box 16)
- \$4,620.07** “STPICKUP” (W-2 Box 14)

Compare figures on your W-2 :

a Employee's social security number 099-99-9999		b Employer identification number 52-6002033		Copy B To Be Filed With Employee's FEDERAL Tax Return			
c Employer's name, address and ZIP code STATE OF MARYLAND CENTRAL PAYROLL BUREAU P.O. BOX 2396 ANNAPOLIS, MD 21404-2396 52-6002033 S.S. # 69-0520001L		1 Wages, tips, other compensation 54,313.43		2 Federal income tax withheld 1,909.88			
		3 Social security wages 59,713.50		4 Social security tax withheld 3,702.24			
		5 Medicare wages and tips 59,713.50		6 Medicare tax withheld 865.85			
		7 Social security tips		8 Allocated tips		9	
d Control number 0000001		10 Dependent care benefits 1,999.92		11 Nonqualified plans D 780.00			
e Employee's first name and initial, last name and suffix f Employee's address and ZIP code 0000001 KM CATHY COMPTROLLER 999 SOMEWHERE ST. BALTIMORE MD 21213		12b Code DD 14,158.80		12c Code			
		12		12d Code			
		13 Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <input type="checkbox"/>		14 Other STPICKUP 4,620.07			
15 State Employer's state ID number MD 52-6002033	16 State wages, tips, etc. 54,313.43	17 State income tax 2,358.78	18 Local wages, tips, etc.	19 Local income tax	20 Locality name		

Form W-2 Wage and Tax Statement 2020
This information is being furnished to the Internal Revenue Service
Department of the Treasury - Internal Revenue Service

1. Wages subject to Federal income taxes:

The amount shown in W-2 Box 1 is the amount that you report on your Federal Income Tax return. Box 1 does not include the total aggregate health cost amount as shown in W-2 Box 12 (code DD). To reconcile the Federal wages reported in Box 1, subtract only the Federal exempt deductions from year-to-date earnings as shown on your final pay stub(s).

Y-T-D Earnings	67,060.38
Federal Sheltered Deductions	<u>- 12,746.95</u>
Box 1 of W-2	\$ 54,313.43

Total YTD Federal tax sheltered deductions:

HLTH Care Acct	2,700.00
DEPN Care Acct	1,999.92
UCC Dental DPPO	523.20
401(k) Save	780.00
St Emp Alt Pen	4,620.07
CF BCBS EPO (Health)	<u>+ 2,123.76</u>
Federal Sheltered Deductions	\$ 12,746.95

~ If you claimed EXEMPT from taxation, you may still have federal wages reported in Box 1. ~

2. Wages subject to FICA taxes

Deferred compensation and retirement/pension contributions are subject to Social Security and Medicare (FICA) tax. The amount of 401(k) is shown in Box 12 of the W-2 [along with a federal identification code]. Federal identification codes are located on the back of W-2s. The retirement/pension contribution is exempt from federal, but not FICA. To reconcile the FICA wages reported in Boxes 3 and 5, subtract only the FICA exempt deductions from year-to-date earnings shown on your final pay stub.

Y-T-D Earnings	67,060.38
FICA Sheltered Deductions Boxes 3 and 5 of W-2	<u>- 7,346.88</u>
	\$ 59,713.50

Total YTD FICA tax sheltered deductions:

HLTH Care Acct	2,700.00
DEPN Care Acct	1,999.92
UCC Dental DPPO	523.20
CF BCBS EPO (Health)	<u>+ 2,123.76</u>
FICA Sheltered Deductions	\$ 7,346.88

3. Wages subject to State income taxes

To reconcile your W-2 Maryland state wages Box 16 to your YTD amount on your final pay stub, use the method listed below. In most cases, Boxes 1 and 16 will display the same wage amount. You will need to add Box 1 Federal wages, Box 14 State Pickup, and Maryland Sheltered Deductions. State Pickup retirement/pension contributions are exempt from Federal taxation, but are taxable for State.

Box 1 of W-2	54,313.43
Box 14 of W-2 (STPICKUP)	+ 4,620.07
Maryland Sheltered Deductions	<u>+ 8,126.88</u>
Y-T-D Earnings	\$ 67,060.38

YTD Maryland tax sheltered deductions:

HLTH Care Acct	2,700.00
DEPN Care Acct	1,999.92
UCC Dental DPPO	523.20
401(k) Save	780.00
CF BCBS EPO (Health)	<u>+ 2,123.76</u>

Maryland Sheltered Deductions \$ 8,126.88

YTD retirement/pension contributions:

St Emp Alt Pen \$ 4,620.07

~ If you claimed EXEMPT from taxation, you may still have state wages reported in Box 16. ~

4. Total Health Cost (Box 12 Code DD)

The total includes certain types of health plans such as EPO medical insurance, POS medical insurance, PPO medical insurance, pharmacy insurance and their related subsidy costs that your agency paid on your behalf. This does not include dental insurance/subsidy or any other health benefits. This is for informational purposes only. **The amount reported using code DD is not taxable!**

Box 12 of W-2 (Code DD)	14,158.80
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YTD Reportable Health Costs:

Pharmacy Plan (Employee Paid)	0.00
CF BCBS EPO (Employee Paid)	2,123.76
Pharmacy Subsidy (Agency Paid)	0.00
Health INS Subsidy (Agency Paid)	<u>+ 12,035.04</u>
Total Health Cost	\$ 14,158.80

5. You may be eligible for an Earned Income Credit!

The earned income credit (EIC) is a tax credit for certain people who work and have earned income below a certain amount. A tax credit usually means more money in your pocket. It reduces the amount of tax you owe. The EIC may also give you a refund. For 2020 income limits and more information, visit www.irs.gov/eitc. Also see Publication 596, Earned Income Credit and Publication 5334, Do I Qualify for EITC?. **Any EIC that is more than your tax liability is refunded to you, but only if you file a tax return.**

Verify Your Tax Preparer!

If you use a paid tax preparer in Maryland, other than a CPA, Enrolled Agent or Attorney; make sure the preparer is registered with the Maryland Board of Individual Tax Preparers.

TAX PREPARERS

Check the REGISTRATION SEARCH on the Department of Labor, Licensing & Regulation website www.dllr.state.md.us/license/taxprep

CPAs

Check the LICENSE SEARCH for Certified Public Accountants on the Department of Labor, Licensing & Regulation website www.dllr.state.md.us/license/cpa

ATTORNEYS

Check the ACTIVE STATUS for Attorneys/Lawyers on the Maryland Courts website www.mdcourts.gov/lawyers/attylist.html

Getting Filing Help!

State (Phone). Comptroller of Maryland's Taxpayer Service **(410) 260-7980** or **(800) MD-TAXES** is available 8:30 a.m. - 4:30 p.m. Monday - Friday. From February 1 to April 15, 2021, hours are extended 8:30 a.m. - 7:00 p.m. (except State Holidays).

State (Email). Email your tax questions to Comptroller of Maryland's Taxpayer Service **taxhelp@marylandtaxes.gov**. Please include your name, address and last 4-digits of Social Security Number to generate a quick response to your inquiry.

Federal (Phone). For federal filing questions, please call IRS **(800) 829-1040**.

Keep this information with your tax records.

iFile To Save Time, Money and Frustration!

Last year, more than \$2.9 billion in refunds were issued with most electronic payments issued within three (3) business days. There are state of the art fraud detections in place to keep Marylanders safe from identify theft and tax fraud. Join this group of satisfied customers and make filing easier than ever!

Millions of Marylanders can learn how easy, safe and fast it is to file their taxes for free by going to www.marylandtaxes.gov. Best of all, filers expecting a refund that utilize direct deposit can have their money deposited in their bank account within three (3) days after acknowledgment from the Revenue Administration Division and after their return is accepted. Select the *iFile* icon on the Comptroller of Maryland's website for more details.

Electronic filers also get the added benefit of extra time to pay. Taxpayers who owe, file their returns electronically by April 15, and pay electronically (credit card or direct debit) have until April 30 to pay. Those who submit their return electronically by April 15 and pay by check must pay by **April 15, 2021**.

Thank you for visiting our web site.

